

How to deeply Cultivate the Sinking Market in Community Group Buying in the Post-Pandemic Era

Zhang Ziyi*

Beijing Institute of Graphic Communication, Beijing 102600, China

* E-mail: 439239847@qq.com

Abstract: After the outbreak of the new crown epidemic in 2020, the national economy has entered a deeper digital era. The rise of community group buying not only avoids the gathering of people buying daily necessities, but also wins the favor of the people with lower prices. Since 2020, internet companies such as Meituan, Didi Chuxing, and Pin duoduo have joined the community group buying industry one after another, hoping to make a big splash in the fresh food e-commerce field through community group buying. important strategic deployment. This paper makes suggestions on how community group buying can deepen the sink market and promote the country's economic development, from the competitive advantages of the sink market, the current state of cold chain e-commerce development in the sink market, and the problems that exist, to multiple dimensions of future development.

Keywords: Community group buying; The sinking market; Social e-commerce; Post-pandemic era

Introduction

The sinking market, known as the "last online traffic bonus" of the Internet industry, is being cultivated by the new e-commerce industry. The sinking market has a large population and a wide distribution, and is dominated by middle-aged and elderly people, women, and rural and urban residents. The community group buying is a new type of consumption pattern, and a more convenient and efficient operation mode can meet the needs of deeper users needs. Purchasing the necessary daily necessities online, then picking up the goods by the community group buying leaders or the pick-up point, the convenience of purchase is particularly significant in first- and second-

tier cities, leading to the entry of various giants. This new consumption model, which is cheaper and saves time and effort, can also reduce the investment cost of the platform. In the era of epidemic recovery, major Internet competitors realize that only entry into the digitalization can they have a future. After 6 years of training, the community group buying has begun to take shape. In the future, the main battlefield of commercial competition of cold chain fresh food will be concentrated in the sinking market to compete for the number of users in low-tier cities. It is necessary for community groups to develop the sinking market.

1 Current situation

1.1 The potential of the sinking market is gradually being stimulated, but there are gaps in market regulation

What the sinking market needs to overcome in the operation of community group buying is how to activate the vitality of the sinking market under t China's macro-control and market supervision, so that the development of low tier cities is healthy, orderly and sustainable, thus truly allowing the development of community group buying to be independent, healthy and orderly, thus realizing rural revitalization strategy. In terms of service and regulatory issues in community group buying, one is where do the sources of community group buying in low-tier cities come from? Is the transportation process safe? In an industry with a highly complex background of practitioners, it is extremely difficult to manage. Suppliers, truck drivers, warehouse managers, workers who sort commodities in warehouses, shopkeepers in private stores... It's not easy for everyone to make money. The scale of market regulation determines whether the community group buying circulation chain is fair. Another is how to resolve the number of disputes caused by inadequate services, and whether the head can effectively communicate with the residents and gain the trust of residents? If there is a product quality problem, who should I turn to to solve it, and where should I go to solve it? In addition, how to implement the strength of China's policy support and precise delivery? The sinking market is a huge undifferentiated cake. Various giants have entered the market one after another. Intense market competition has led to unfair industry competition. Various giants have entered the game one after another, and unfair industry competition has emerged in the fierce market competition. The living

space of small businesses and hawkers has been squeezed, and the market environment of fair competition has been endangered.

1.2 The consumption structure of the sinking market is constantly being upgraded, but accurate delivery of goods needs to be explored

In outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Vision 2035 of the People's Republic of China, it is clearly pointed out that strategies to expand domestic demand will be implemented to enhance the role of consumption in economic growth and allow investment to play a key role in improving the supply structure. Especially in 2021, China has completed the goal of Poverty Alleviation. Rural residents will have their homestead ownership, most of them do not have mortgage pressure, have considerable disposable income, have more leisure time, and have a strong willingness to consume. While satisfying the basic consumption of family life, many people have more pursuit of personalized, branded and experiential consumption. In response to the change in consumption intention, how the market itself regulates the market mechanism through changes in the market environment is a matter of healthy and orderly development of the market, and it is also a dilemma and problem faced by those Internet giants. The demand for products and services of users in the sinking market is different from that of users in first- and second-tier cities. They prefer low prices, cost-effective and easy-to-buy products with good after-sales guarantees while meeting product quality, and there are as many problems that need to be thought about and solved by the Internet giants of community group buying. Decision makers cannot take it for granted that the sinking market can be a replication and extension of the Internet development model of first- and second-tier cities. Internet companies need to find a business model and types of goods and services that are truly suitable for the sinking market. It is only by truly meeting the needs of the sinking market that we can reap the dividends of the development of the sinking market and thus truly pluck the pulse of rural economic revitalisation.

1.3 The entry cost and customer acquisition cost are low, but the final unit

family has not yet contacted

At present, in first- and second-tier cities, community group buying relies on stores, and the responsible community group buying leader relies on a certain popularity and a social media platform with fan base to integrate information and establish WeChat groups or other online communities. If you have a relationship with the group, you trust the group leader, and you don't need to make excessive consider to buy the things recommended by the leader. It has become a common community group buying consumption model. But at present, the most sinking place of Chinese e-commerce is only to the townships, not yet to the villages below the townships. This is because the fulfillment system of one order and one logistics package of e-commerce is still unable to penetrate into the vast and scattered villages, the order volume has not yet been concentrated. However, except for extremely poor households, most of the rural households have complete household purchasing needs. The value of community group buying lies in the fact that it uses the most efficient and economical solution for the first time, which gives people confidence that it can be a one-stop shopping channel for rural families, and it can continue to penetrate into the most sinking and final units - villages.

2 Suggestions for future development

2.1 Technical dimension: portrait and aesthetics

In the past decade, the development of community group buying has actually been a battle for business digitalization. The competition for consumers is the competition for their digitization. The web front-end determines the first impression, and the back-end determines the continuity of platform operations, one cannot be without the other. On the one hand, the front-end technical design of community group buying is the first way for consumers to touch community group buying. Whether the front-end design is reasonable, whether the page design is beautiful, and whether the information arrangement is sufficient and necessary directly, all of these affects the media influence of consumers and determines the next time. Compared with first- and second-tier cities, sinking markets have different characteristics, and their target audiences have different consumption orientations. Developers need to analyse users in the sinking market in detail through big data, cloud computing and other data analysis technologies,

to understand consumers' consumption habits and spending power, outline the user portrait, to achieve accurate pushing of group purchase information, which can hit the pain points of audiences in low tier cities. On the other hand, the current community group buying terminal distribution technology is not complete, and the sorting of items mainly relies on the manual sorting of the group leader, which is prone to problems such as missed delivery and wrong delivery. The following methods can be used to promote technological development. First of all, take MeiTuanYouXuan as an example. At present, MeiTuanYouXuan is presented as a subsidiary section of Meituan, and the richness of information provided to users is obviously insufficient. There is plenty of room for the platform to grow.

2.2 Offline dimension: physical distribution and interpersonal relationship

Product transportation is undoubtedly one of the most inaccessible aspects of e-commerce business. Low-tier cities have a large number, wide distribution and scattered distribution. Fresh fruit and vegetable products have a short shelf life, easy to deteriorate, easy to wear. The traffic conditions in the sinking market are special and need long time, which makes the logistics cost higher than that the first- and second-tier cities. Therefore, how to ensure the freshness of products can be supplied both at low prices and to reduce losses? Community group buying to grasp the sinking market can be two ways. The first method is to open up the logistics chain in the county and urban areas, and deliver it everywhere. At present, the leading enterprises in large-scale e-commerce enterprises have formed an integrated warehouse and distribution system from the "first kilometer" to the "last kilometer" and then to the warehouse of "storehouse of fresh produce origin + sales warehouse + community group buying platform". Fresh agricultural e-commerce companies should be committed to streamlining intermediate links, reducing unnecessary losses, improving the circulation efficiency of agricultural products, shortening supply and distribution paths, and saving costs. By shortening the industrial chain of fresh agricultural products from the "first kilometer" to the "last kilometer", it can achieve direct access from the "field" to the national "tables". The second is to increase the diversity of other categories according to the local consumption situation, design a supply chain contract model, and transfer the flow of fresh food with a short shelf life and easy deterioration to other high-profit categories, so as to achieve the goal of "fresh food attracting flow and standard products

making profit".

2.3 Product dimension: products and services

The key to ensuring the quality of products on the platform is quality gates. It is necessary to strictly control the entry threshold of goods to ensure the quality of goods, and also to improve product types to fully cater to consumers' preferences. While ensuring that the high-frequency needs of users such as fast-moving consumer goods and daily necessities can be met, the sales of niche products are gradually added, so that community group buying can not only provide the local necessities, meet the needs of different users, but also buy products with cheap price, good quality and not easy to buy. Whether it is providing high-quality products or cost-effective products, community group buying in the sinking market must find out which they need, so that different consumers can truly feel the usefulness, convenience and safety of community group buying. It can fill a gap in the e-commerce market and lays the foundation for the further integration and development of fresh food e-commerce and social e-commerce in the future.

In addition, the group buying team leader is the first window to link community group buying with lower-line consumers. The group buying team leaders is familiar with the consumption preferences and shopping psychology of regional consumers, and can start with regional convenience stores and community staff. They can organise group purchases for residents, communicate with customers in a friendly manner, and disseminate information about group purchases in conjunction with platform promotional means. After regular professional skills training, they can safeguard consumer rights, popularize community group buying knowledge, improve digital application capabilities, and promote rural revitalization and development.

2.4 Policy dimensions: supports and regulation

The spread of COVID-19 in 2020, the whole country had to be quarantined, our market economy suffered a severe blow, especially low-tier cities and small-and medium-sized enterprises.

In the 13th Five-Year Plan, it clearly puts forward the new requirements and goals of actively building a new smart city. "We should use new ideas to guide urban

construction, use new economy to prosper urban development, and use new life to enrich urban connotation.” Therefore, the government needs to provide more policies to support the circulation of community group purchases in the sinking market in terms of procurement, logistics, head of the group and after-sales, so as to ensure the normal life of residents and promote the development of community group buying in sinking markets.

If government encouragement is the driving force for market development, then government regulation is the constraint on market development. The distance between the third and fourth tier cities and the core cities makes it difficult to regulate and watch over them, and serious situations can induce the occurrence of market monopolies. The development trend of community group buying requires the government to intensify control, formulate laws and regulations to protect the legitimate rights and interests of more consumers. On December 22, 2020, the State Administration for Market Regulation and the Ministry of Commerce held an administrative guidance meeting on community group buying orders, at which platform companies were clearly required to strictly abide by the "Nine Don'ts" regulations. The "Nine Don'ts" regulations specifically emphasize that platform companies must not conduct monopolistic practices. At the same time, the first provision of the "Nine Don'ts" requires platforms to set prices reasonably and maintain market order. At present, the future industry supervision will be more strict and standardized, which will have a direct impact on the expansion speed and profitability of platform companies. Community group buying platforms must maintain attention to industry regulatory policies, strictly regulate their own business behavior, and jointly promote the healthy and sustainable development of the industry market environment.

3 Conclusion

In the post-pandemic era, the new crown epidemic has been recurring but gradual. According to the survey, the number of orders in the sinking market of Nice Tuan's community has only increased, and the above-quota purchase has been 30%. It proves that community group buying only increase in user acceptance. This means that the user acceptance of community group buying in the sinking market continues to rise, and the development of community group buying in low-tier cities will become popular and routine. The new order under the normalization of the epidemic has put forward higher

requirements for the cold chain industry in the sinking market in order to promote dual-cycle development. In the context of a new round of global integration, how to draw a blueprint for the global cold chain industry will be the next question to think about.

References

- [1] Xie, R.R. (2022). Discussion on the development of "the First Kilometer" of cold chain logistics of fresh agricultural products in China. *Journal of Commercial Economics*(02),114-117.
- [2] Fu, L. (2021). Discussion on the cultivation strategy of Social E-commerce Private Domain Traffic based on 4C Marketing Theory. *Journal of Commercial Economics*(24),90-92.
- [3] Chen, W.K., Zhao, X.Y. & Zhang, B.Y. (2021). Research on the development of Community Group Buying of O2O Model——Taking the "Jinzhou Hotline" as an example. *China Market*(34),36-37+52.
- [4] Zhang, X.D. (2021). Research on the business model of Community Goup Buying. *New Economy*(11),82-87.
- [5] Cui, Z.F. (2021). The new development order of the Global Cold Chain Industry under the background of Domestic and International Dual Circulation. *Logistics & Material Handling*, (10),78-79.
- [6] Gao, H.L., & Li, Z.H. (2021). In the context of the digital economy, where should traditional resource-based third and fourth tier cities go? *Robot Industry*, (05),94-102.
- [7] Chen, S.Z. (2021). Research on the reverse promotion of rural revitalization by sinking market development. *China Circulation Economy*, (23),100-102.
- [8] Chen, J.(2021).Analysis of the development model strategy of community group buying under the epidemic. *Sci-Tech & Development of Enterprise*, (05),133-134+137.
- [9] Cheng, X.X., & Zheng, L.P. (2021).Research on the development of "Night Economy" in third- and fourth-tier cities in post-pandemic era——Take Bengbu city, Anhui Province as an example. *Market Modernization*, (08),176-178.
- [10] Gao, X.W. (2020). China's financial risks and their prevention under the new crown epidemic. *Theoretical Horizon*, (08),47-55.
- [11] Wang, S.Q. (2020). Analysis of the Characteristics of sinking markets and the

reasons for their rise. *Jiangsu Science & Technology Information*, (15),32-34.